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*Chief Justice, Appeals Court*

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*Chief Justice for Administration and Management, Trial Court*

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**ADVISORY BOARD TO THE COMPTROLLER**

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*Secretary for Administration and Finance*

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*Auditor*

Shannon P. O'Brien  
*Treasurer and Receiver-General*

Barbara A. Dortch-Okara  
*Chief Justice for Administration and Management, Trial Court*

Thomas F. Reilly  
*Attorney General*

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*Director*

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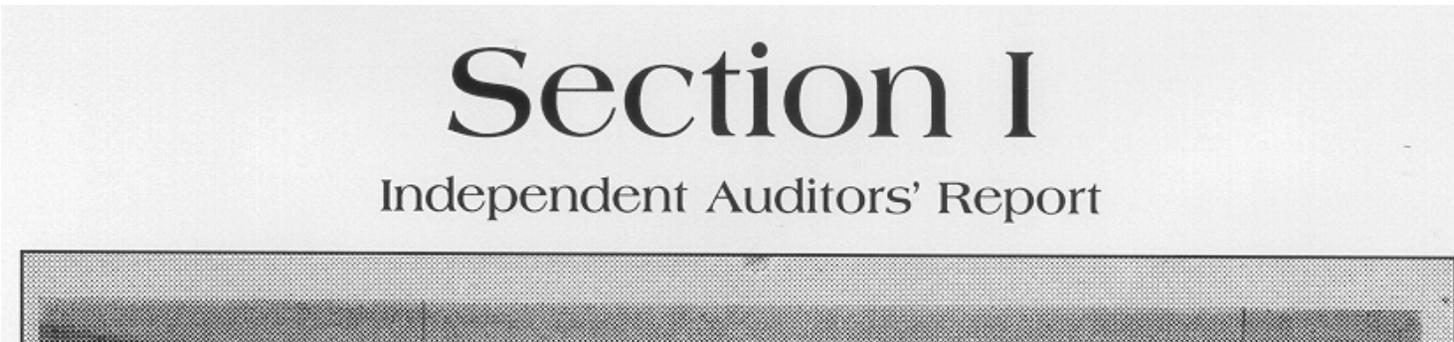
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*Director Resource Management*

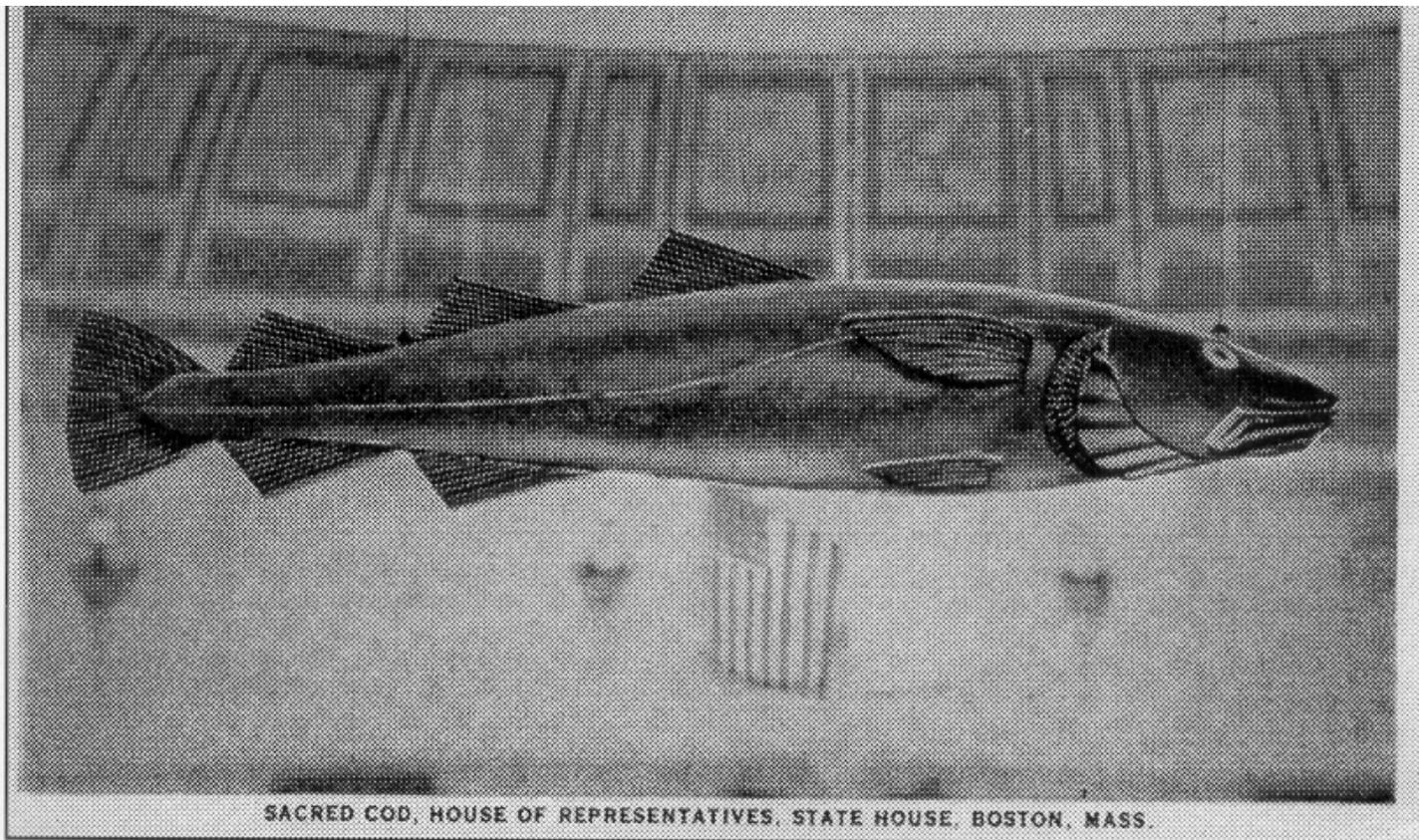
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# Section I

## Independent Auditors' Report





*The "Sacred" Cod dates to the Old State House, when, in 1784, legislator-trader John Rowe "moved the House that leave might be given to hang up the representation of a Cod Fish in the room where the House sits, as a memorial of the importance of the Cod-Fishery to the welfare of the Commonwealth, as had been usual formerly." (Its predecessors were destroyed either in Old Town House fires or during the Revolutionary War.) When the new State House was occupied in 1798, during the administration of Governor Increase Sumner, the "Sacred" Cod, wrapped in an American Flag, was borne up Beacon Hill and placed in the Chamber of the House of Representatives.*

Photography and text regarding the Sacred Cod courtesy of the Massachusetts State Library -Special Collections.

## Independent Auditors' Report

### Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards

Mr. Martin Benison, Comptroller  
The Commonwealth of Massachusetts

We have audited the combined financial statements-statutory basis of the Commonwealth of Massachusetts as of and for the year ended June 30, 2000 and have issued our report thereon dated October 24, 2000. We have also audited the general purpose financial statements of the Commonwealth of Massachusetts as of and for the year ended June 30, 2000 and have issued our report thereon dated December 19, 2000 which contained an explanatory paragraph relating to a change in the reporting entity. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the Commonwealth of Massachusetts' financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grants, applicable to the Commonwealth of Massachusetts for only those matters relating to compliance of the funds, account groups, higher education entities and discretely presented component units of the Commonwealth of Massachusetts included within the scope of our audit as described in our reports referred to above on the general purpose financial statements and combined financial statements-statutory basis, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Accordingly our testing of compliance did not extend to tests of compliance with laws, regulations, contracts and grants for the funds, account groups, higher education entities and discretely presented component units whose financial statements were audited by other auditors. However, providing an opinion on compliance with those provisions was not an objective of our audit, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

#### Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Commonwealth of Massachusetts' internal control over financial reporting, applicable only to the internal control over financial reporting relating to the funds, account groups, higher education entities and discretely presented component units of the Commonwealth of Massachusetts included within the scope of our audit as described in our reports referred to above on the general purpose financial statements and the combined financial statements-statutory basis, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Accordingly, our consideration did not extend to the internal control over financial reporting relating to the funds, account groups, higher education entities and discretely presented component units whose financial statements were audited by other auditors. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Honorable Members of the General Court and the federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP  
December 19, 2000

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## **Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133**

Mr. Martin Benison, Comptroller  
The Commonwealth of Massachusetts

### **Compliance**

We have audited the compliance of the Commonwealth of Massachusetts, for only those matters relating to compliance of the funds, account groups, higher education entities and discretely presented component units of the Commonwealth of Massachusetts included within the scope of our audit as described in our separately issued report on the general purpose financial statements dated December 19, 2000, and as further described in Note 2 to the Schedule of Expenditures of Federal Awards, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major programs for the year ended June 30, 2000. The Commonwealth of Massachusetts' major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the management of the Commonwealth of Massachusetts. Our responsibility is to express an opinion on the Commonwealth of Massachusetts' compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commonwealth of Massachusetts' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Commonwealth of Massachusetts' compliance with those requirements.

In our opinion, the portion of the Commonwealth of Massachusetts included within the scope of our audit, complied, in all material respects, with the requirements referred to above that are applicable to each of its major programs for the year ended June 30, 2000. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in Part III of the accompanying Schedule of Findings and Questioned Costs which is listed as Section II in the table of contents and Section V as listed in the table of contents.

### **Internal Control Over Compliance**

The management of the Commonwealth of Massachusetts is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Commonwealth of Massachusetts' internal control over compliance with requirements that could have a direct and material effect on a major federal program, applicable only to the internal control over compliance relating to the funds, account groups, higher education entities and discretely presented component units included within the scope of our audit as described in our separately issued report on the general purpose financial statements dated December 19, 2000, in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Commonwealth of Massachusetts' ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in Part III of the accompanying Schedule of Findings and Questioned Costs which is listed as Section II in the table of contents and Section V as listed in the table of contents.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our

consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, based on our procedures and the report of other auditors, we noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### **Schedule of Expenditures of Federal Awards**

We have audited the general purpose financial statements of the Commonwealth of Massachusetts as of and for the year ended June 30, 2000, and have issued our report thereon dated December 19, 2000. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in relation to the general purpose financial statements taken as a whole.

This report is intended for the information of management, the Honorable Members of the General Court and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

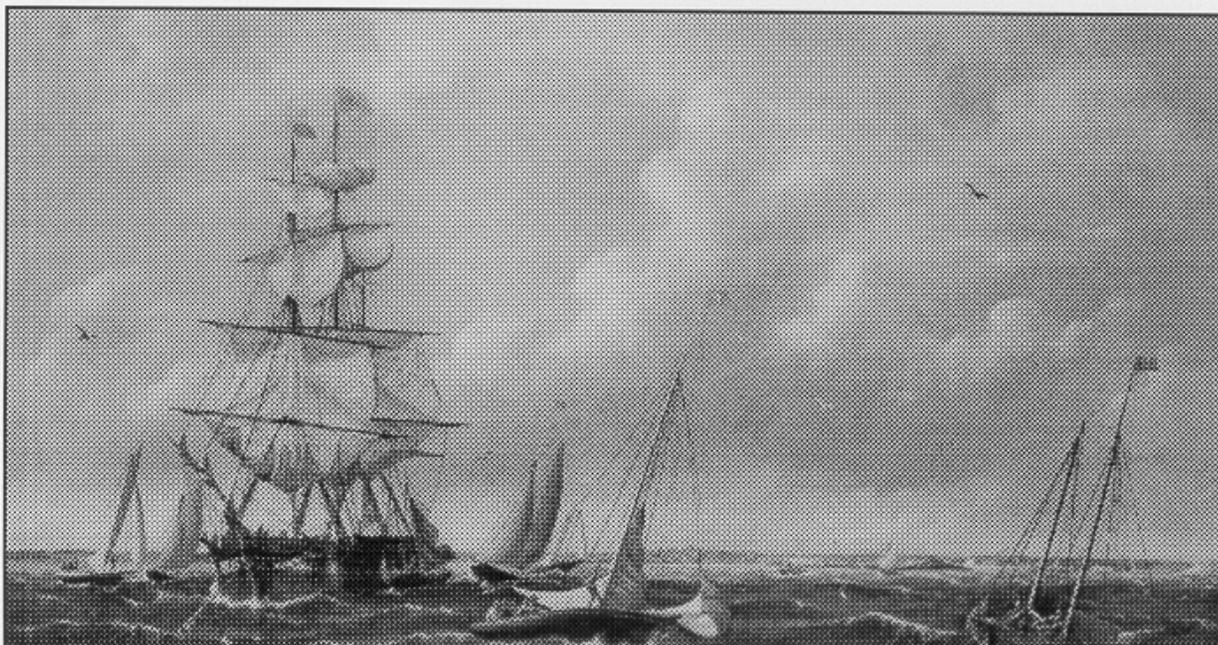
Deloitte & Touche LLP  
December 19, 2000

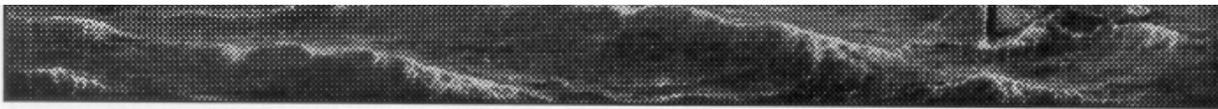
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# Section II

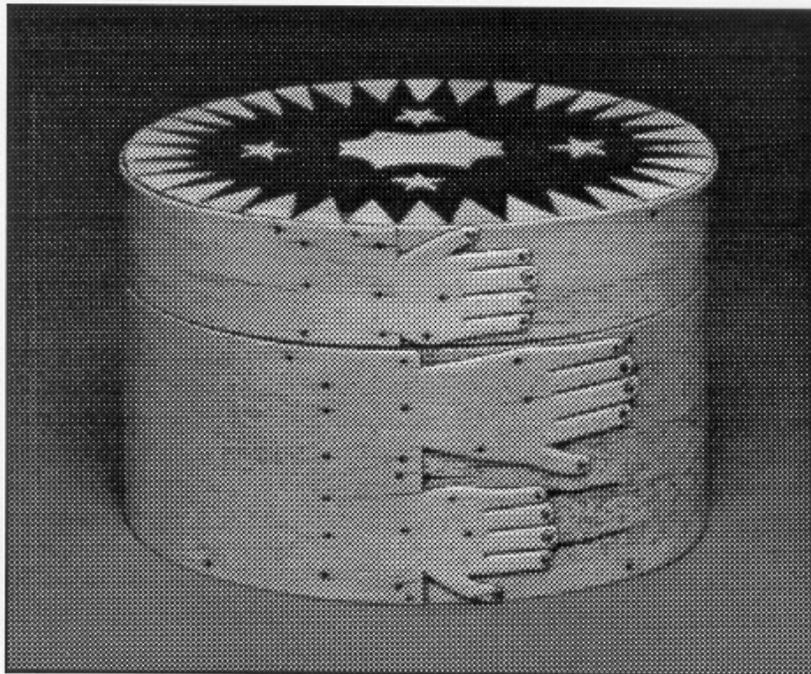
## Schedule of Findings and Questioned Costs





When seventeenth-century settlers brought their knowledge of the ancient European whaling industry to the shores of New England, they were not the first to hunt the great beasts. Native Americans who lived along the coasts of the continent used carcasses of dead whales that washed up on shore for food, oil, and bone and employed canoes to pursue whales that swam into shallow coastal waters.

As the number of whales near shore inevitably declined, the colonists chased whales in single-masted sloops. As the market for whale products increased, whalers undertook longer journeys. During the first years of deep sea whaling, it was the custom to cruise eastward in spring as far as the Azores, then south along the Guinea coast of Africa, and then east to the coast of Brazil; then return to home, take on supplies, then head north to the Davis Straits, between Greenland and North America, for the summer.



As whales became scarcer on these hunting grounds, American whalers began to fan out into the major oceans of the world, by building vessels that were large enough to make voyages lasting several years. War devastated the industry between 1776 and 1815, however after the war, thirty years of expansion of the whaling fleet began. The New Bedford area fleet continued to grow, reaching a peak in 1857 when 329 New Bedford whaleships, valued at more than \$12,000,000, employed 10,000 men.

The decline of the industry was caused by several factors, principally the discovery of petroleum in 1859. Kerosene, distilled from petroleum, proved to be superior to whale-oil for lighting. The American whaling industry might have died after the Civil War, had it not been for an increasing demand for baleen, which is found in the mouths of baleen whales. Made of keratin, a substance that is also part of finger nails, baleen was used for making carriage springs, corset stays; fishing rods; frames for traveling bags, trunks, and women's hats; hoops for women's skirts; horse whips; and umbrella and parasol ribs. The development in 1906 of spring steel eventually ended the market for baleen.

Photography and text courtesy of the New Bedford Whaling Museum

## Schedule of Findings and Questioned Costs

### Schedule of Findings and Questioned Costs For the Year Ended June 30, 2000

#### I. Summary of Auditor's Results

We have audited the financial statements of the Commonwealth of Massachusetts as of and for the year ended June 30, 2000 and have issued our reports thereon dated December 19, 2000. We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and with the requirements of the U.S. Office of Management and Budget (OMB) Circular A-133. The results of our audit are as follows:

**Type of Report Issued on the Financial Statements:** Unqualified opinion

**Reportable Conditions in Internal Control Disclosed by the Audit of the Financial Statements:** None Reported

**Material Noncompliance Disclosed by the Audit of the Financial Statements:** No

**Reportable Conditions in Internal Control over Major Programs:** Yes

**Type of Report Issued on Compliance for Major Programs:** Unqualified opinion

**Audit Findings Required to be Reported under Section .510(a) of OMB Circular A-133:** Yes

<b>Major Programs: Funding Source</b>	<b><u>Program</u></b>	<b><u>CFDA No.</u></b>
Agriculture	Food Distribution	10.550
Agriculture	Food Stamps Program	10.551(a)
Agriculture	State Admin. Matching-Food Stamps	10.561(a)
Agriculture	School Breakfast Program	10.553(b)
Agriculture	National School Lunch Program	10.555(b)
Agriculture	Special Milk Program for Children	10.556(b)
Agriculture	Summer Food Service Program	10.559(b)
Agriculture	WIC Program	10.557
Agriculture	Child & Adult Food Care Program	10.558
Housing & Urban Dev.	Section 8: New Construction and Substantial Rehabilitation Program	14.182(c)
Housing & Urban Dev.	Section 8: Lower Income Housing Assistance-Moderate Rehabilitation Program	14.856(c)
Housing & Urban Dev.	Section 8: Rental Voucher Program	14.855(d)
Housing & Urban Dev.	Section 8: Rental Certificate Program	14.857(d)
Housing & Urban Dev.	Community Development Block Grant State's Program	14.228
Transportation	Highway Planning & Construction	20.205

Education	Title I Program	84.010
Education	Special Education-State Grants	84.027(e)
Education	Special Education-Preschool Grants	84.173(e)
Education	Vocational Education	84.048
Education	Rehabilitation Services	84.126
Education	Class Size Reduction	84.340
Education	FSEOG Program	84.007(f)
Education	FFEL Program	84.032(f)
Education	Federal Work-Study Program	84.033(f)
Education	Federal Perkins Loan Program	84.038(f)
Education	Federal Pell Grant Program	84.063(f)
Education	Federal Direct Loan Program	84.268(f)
Health & Human Services	HEAL Program	93.108(f)
Health & Human Services	HPSL Program	93.342(f)
Health & Human Services	Nursing Student Loan Program	93.364(f)
Health & Human Services	EFNS Program	93.820(f)
Health & Human Services	TANF Block Grant	93.558
Health & Human Services	Child Support Enforcement	93.563
Health & Human Services	Low Income Home Energy Assistance Program	93.568
Health & Human Services	Child Care & Development Block Grant	93.575(g)
Health & Human Services	Child Care Mandatory & Matching Funds of the Child Care &Development Fund	93.596(g)
Health & Human Services	Foster Care Program	93.658
Health & Human Services	Social Services Block Grant	93.667
Health & Human Services	State Children's Insurance Program	93.767
Health & Human Services	Medical Assistance Program	93.778(h)
Health & Human Services	State Medicaid Fraud Control Units	93.775(h)
Health & Human Services	State Survey and Certification of Health Care Providers and Suppliers	93.777(h)
Health & Human Services	HIV Care Formula Grants	93.917
Health & Human Services	HIV Prevention Program	93.940
Health & Human Services	SAPT Block Grant	93.959
Social Security Administration	Social Security-Disability Insurance	96.001(i)
Social Security Administration	Supplemental Security Income	96.006(i)
(a) Cluster of Programs	(e) Cluster of Programs	(i) Cluster of Programs
(b) Cluster of Programs	(f) Cluster of Programs	

(c) Cluster of Programs	(g) Cluster of Programs	
(d) Cluster of Programs	(h) Cluster of Programs	

**Dollar Threshold Used to Distinguish Type A and Type B Programs: \$20,543,840**

**Qualification of Auditee as a Low-Risk Auditee:** No

**Introduction**

The findings and recommendations detailed in Sections IV and V of this volume, and summarized in the schedule below, have been reviewed with representatives of the departments from which the observations arose and with representatives from the Office of the Comptroller. In order to assist the reader in understanding both the departmental compliance with laws and regulations and the adequacy of the internal control structure, the findings have been grouped by department and categorized as to whether they concern the department’s federal program compliance or the internal control structure used in administering federal award programs. *(Part III of this Schedule)*

In addition, the findings concerning compliance with Massachusetts General Laws and on the internal control structure based on the study and evaluation of the accounting system as part of the examination of the General Purpose Financial Statements contained in the Comprehensive Annual Financial Reports (CAFR), are summarized below in Part II and detailed in Section IV.

At the end of each finding involving federal programs, detailed in Section V, is a parenthetical disclosure indicating the federal agency or agencies providing the funding for the program(s) to which the finding is applicable and the applicable Catalog of Federal Domestic Assistance number(s).

Corrective action plans and/or departmental responses to the findings and recommendations have been provided by the department’s representatives and reflect plans and responses as of December 19, 2000.

In the event a finding is repeated from the prior Single Audit report or a report prepared in prior years by other auditors performing audits of federal programs, the parenthetical disclosure at the end of the finding also indicates the year the finding first was reported, the finding number in the most recently issued prior report and, if applicable, the federal audit agency issuing the report so that the reader may cross-reference the current finding to the prior reports.

Under a cooperative agreement for the Commonwealth’s Single Audit, the Office of the State Auditor, in order to provide the necessary audit coverage for the student financial assistance programs not audited by independent accounting firms and to assist in the audit of major programs, conducted the audit procedures at two Commonwealth institutions of higher education and three departments. No findings resulted from these audits, however, the Office of the State Auditor will also issue its own separate reports with the results of these audits.

**Questioned Costs as a Result of the Fiscal Year 2000 Statewide Single Audit**

The study and evaluation of the various departments’ compliance with laws and regulations resulted in the identification of questioned costs totaling \$2,304,682. For those instances where costs were questioned, the specific costs have been identified in findings reported on the following pages.

**II. Findings Related to the Financial Statements**

<u>Reportable Condition/Noncompliance</u>	<u>Questioned Costs</u>	<u>Program and CFDA #</u>
Late recording of fixed assets. <i>(Finding No. 1 – Department of Correction, No. 4 – Metropolitan District Commission, No. 6 – Administrative Office of the Trial Court, No. 7 – Bridgewater State College, No. 8 – Bunker Hill Community College and No. 9 Massasoit Community College)</i>	-	-
The tracking and recording of fixed assets needs improvement. <i>(Finding No. 2 – Department of Social Services)</i>	-	-

Department internal control plan needs updating. <i>(Finding No. 3 – Executive Office of Environmental Affairs)</i>	-	-
Documentation of processing year-end transactions needs improvement. <i>(Finding No. 5 – Office of the State Treasurer)</i>	-	-
Non-appropriated fund expenditure documentation needs improvement. <i>(Finding No. 10 – Northern Essex Community College)</i>	-	-
Non-appropriated fund activity and balances not reconciled monthly. <i>(Finding No. 11 – Roxbury Community College)</i>	-	-

### III. Findings and Questioned Costs for Federal Awards

<u>Reportable Condition/Noncompliance</u>	<u>Questioned Costs</u>	<u>Program and CFDA #</u>
Lack of documented system for salary charges to federal programs and failure to make needed salary adjustments. <i>(Finding No. 12 – Department of Education)</i>	\$17,822	Title I Program 84.010
Lack of a control system for the Class Size Reduction Program <i>(Finding No. 13 – Department of Education)</i>	-	Class Size Reduction Program 84.340
Lack of a system to implement corrective action plans and clear findings. <i>(Finding No. 14 – Department of Education)</i>	-	Title I Program 84.010; Special Education –State Grants 84.027; Special Education-Preschool Grants 84.173; Vocational Education Program 84.048; Class Size Reduction Program 84.340; Food Distribution Program 10.550; Child and Adult Food Care Program 10.558; School Breakfast Program 10.553; National School Lunch Program 10.555; Special Milk Program for Children 10.556; Summer Food Service Program for Children 10.559
Better follow-up on subrecipient audit findings is needed. <i>(Finding No. 15 – Department of Education)</i>	-	Title I Program 84.010; Special Education –State Grants 84.027; Special Education-Preschool Grants 84.173; Vocational Education Program 84.048; Class Size Reduction Program 84.340; Food Distribution Program 10.550; Child and Adult Food Care Program 10.558; School Breakfast Program 10.553; National School Lunch Program 10.555; Special Milk Program for Children 10.556; Summer Food Service Program for Children 10.559
Local Education Agencies' compliance with supplement not supplant requirement is not monitored annually. <i>(Finding No. 16 – Department of Education)</i>	-	Title I Program 84.010; Vocational Education Program 84.048
Inadequate monitoring <i>(Finding No. 17 – Department of Education)</i>	-	Child and Adult Food Care Program 10.558; Special Milk Program for Children 10.556
Failure to reduce Title I allocations or obtain a waiver for maintenance of effort failure. <i>(Finding No. 18 – Department of Education)</i>	-	Title I Program 84.010
Federal report deficiency. <i>(Finding No. 19 – Department of Education)</i>	\$1,111,223	Vocational Education Program 84.048

Total quarterly federal expenditures as shown on federal reports are not reconciled to the Commonwealth's accounting system ( <i>Finding No. 20 – Department of Education</i> )	-	School Breakfast Program 10.553; National School Lunch Program 10.555; Special Milk Program for Children 10.556; Summer Food Service Program for Children 10.559; Child and Adult Food Care Program 10.558
Missing case file. ( <i>Finding No. 21 – Division of Medical Assistance</i> )	-	Medical Assistance Program 93.778
Overpayments must be refunded in a more timely manner. ( <i>Finding No. 22 – Division of Medical Assistance</i> )	-	Medical Assistance Program 93.778
Improvements needed in the identification of new federal programs. ( <i>Finding No. 23 – Division of Medical Assistance</i> )	-	Medical Assistance Program 93.778; State Children's Insurance Program 93.767
Medical necessity review results. ( <i>Finding No. 24 – Division of Medical Assistance</i> )	-	Medical Assistance Program 93.778
Tracking and recording of receivables, uncollectibles and write-offs needs improvement. ( <i>Finding No. 25 – Division of Medical Assistance</i> )	-	Medical Assistance Program 93.778
Payroll certifications not performed. ( <i>Finding No. 26 – Department of Public Health and No. 29 – DOR/Division of Child Support Enforcement</i> )	-	Substance Abuse Prevention and Treatment Block Grant 93.959; HIV Prevention Activities 93.940; HIV Formula Grants 93.917; Child Support Enforcement Program 93.563
Cases not closed in system. ( <i>Finding No. 27 – DOR/Division of Child Support Enforcement</i> )	-	Child Support Enforcement Program 93.563
Ineffective case tracking and management system. ( <i>Finding No. 28 – DOR/Division of Child Support Enforcement</i> )	-	Child Support Enforcement Program 93.563
Follow-up on the Office of the State Auditor's report on the Child Support Enforcement Program. ( <i>Finding No. 30 – DOR/Division of Child Support Enforcement</i> )	-	Child Support Enforcement Program 93.563
Documentation to support the eligibility of those receiving services with the funds transferred from the TANF Block Grant to the SSBG needs to be improved. ( <i>Finding No. 31 – Department of Social Services</i> )	-	Social Services Block Grant 93.667
Food Stamps Status of Claims Against Household report filed with inaccurate data. ( <i>Finding No. 32 – Department of Transitional Assistance</i> )	-	Food Stamp Program 10.551
An Interdepartmental Service Agreement is needed between the Department of Transitional Assistance and the Department of Social Services to document the funds transferred from the TANF Block Grant to the SSBG. ( <i>Finding No. 33 – Department of Transitional Assistance</i> )	-	Temporary Assistance to Needy Families (TANF) Block Grant 93.558
Documentation of the TANF Program and the methods used to fund the various TANF components needs improvement. ( <i>Finding No. 34 – Department of Transitional Assistance</i> )	-	Temporary Assistance to Needy Families (TANF) Block Grant 93.558

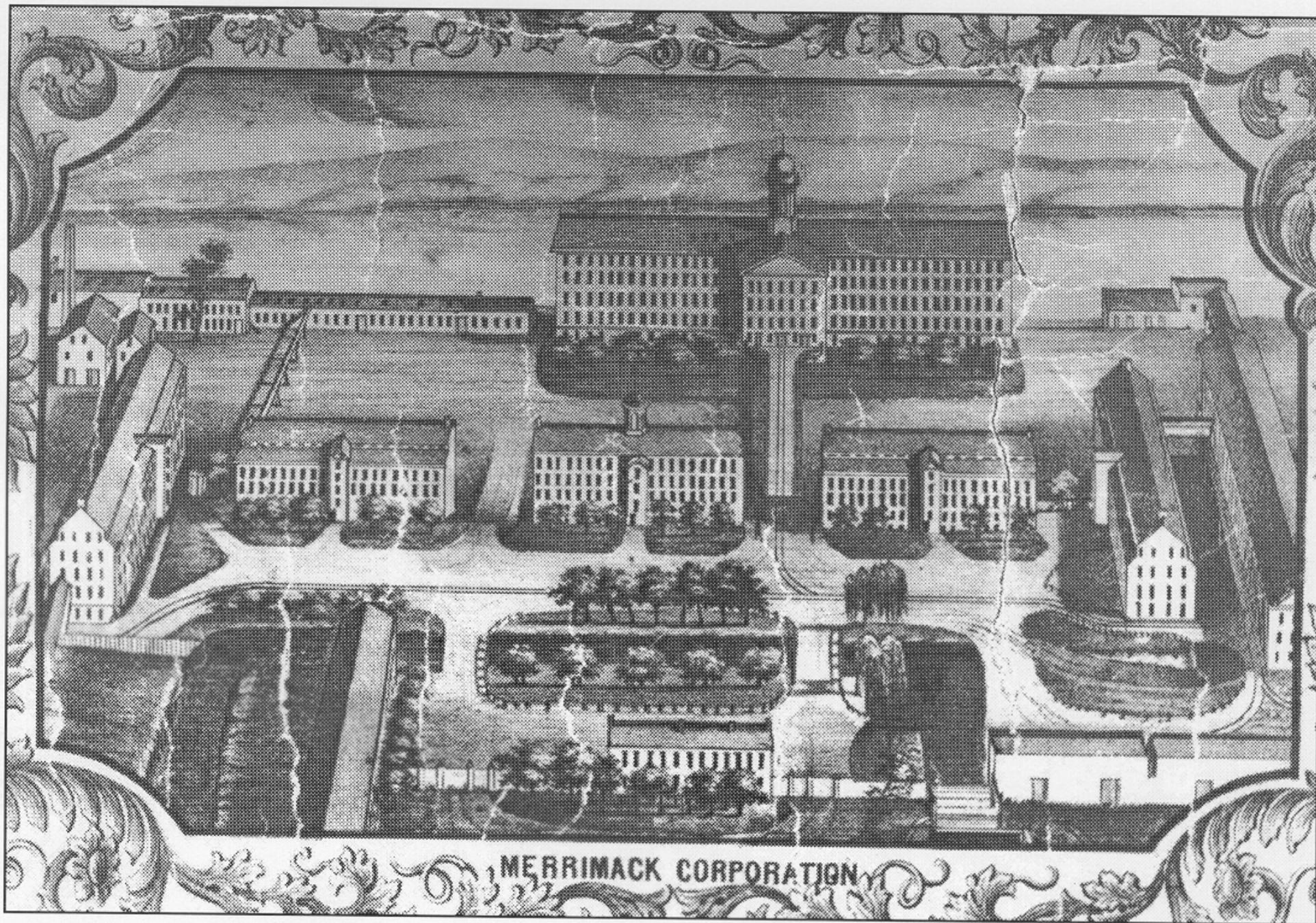
Prevailing wages not paid. ( <i>Finding No. 35 – Massachusetts Highway Department</i> )	-	Highway Planning and Construction Program 20.205
Subrecipient contracts do not contain adequate single audit information. ( <i>Finding No. 36 – Massachusetts Highway Department</i> )	-	Highway Planning and Construction Program 20.205
Procedures should be established to monitor central artery/tunnel project transactions. ( <i>Finding No. 37 – Massachusetts Highway Department</i> )	-	Highway Planning and Construction Program 20.205
Disallowed consultant costs not credited. ( <i>Finding No. 38 – Massachusetts Highway Department</i> )	\$382,396	Highway Planning and Construction Program 20.205
Excess fringe benefits charged. ( <i>Finding No. 39 – Massachusetts Highway Department</i> )	-	Highway Planning and Construction Program 20.205
Unsupported indirect costs. ( <i>Finding No. 40 – Executive Office of Elder Affairs</i> )	\$623,294	Special Milk Program for Children 10.566; Nutrition Program for the Elderly 10.570; Senior Community Service Employment Program 17.235; Eisenhower Professional Development State Grants 84.281; State Programs for the Aging-Title III, Part B, Grants for Supportive Services and Senior Centers 93.044; Special Programs for the Aging-Title IV, Training, Research and Discretionary Projects and Programs 93.048; Health Care Financing Research, Demonstrations and Evaluations 93.779; Maternal and Child Health Services Block Grants to States 93.994
Additional costs included in the 1999 rates effecting both federal and state programs. ( <i>Finding No. 41 – Information Technology Division</i> )	\$169,947	Various
Status of the U.S. Department of Education Office of Inspector General Issues ( <i>Finding No. 42 – Roxbury Community College</i> )		Federal Pell Grant Program 84.063
Lack of a procedure to identify walk-away students. ( <i>Finding No. 43 – Roxbury Community College</i> )	-	Federal Supplemental Education Opportunity Grants 84.007; Federal Work-Study Program 84.033; Federal Pell Grant Program 84.063
Lack of internal control over federal cash reporting. ( <i>Finding No. 44 and 46 – Salem State College</i> )	-	Federal Perkins Loan Program 84.038; Federal Pell Grant Program 84.063; Federal Supplemental Education Opportunity Grants 84.007; Nursing Student Loan Program 93.364
FISAP and NSL annual report do not agree with College's records. ( <i>Finding No. 45 – Salem State College</i> )	-	Federal Perkins Loan Program 84.038; Federal Pell Grant Program 84.063; Federal Supplemental Education Opportunity Grants 84.007; Federal Work-Study Program 84.033; Nursing Student Loan Program 93.364
<b>Total Questioned Costs</b>	<b>\$2,304,682</b>	

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# Section III

# SECTION III

## Summary of Schedule of Prior Year Audit Findings



*As the Industrial Revolution in the United States intensified in the first half of the 19th century, the young nation's social and economic*

...the young nation's social and economic fabric changed dramatically. Though still primarily agricultural, America was transforming itself into a nation of urban manufacturing centers. Enterprising merchants and capitalists organized corporations to develop and control the productive forces of emerging industries, while growing numbers of working people found employment as wage laborers in factories. Cotton textiles, the foundation of America's Industrial Revolution, fostered not only working-class wage labor in the mills, but also supported slave labor on the cotton plantations in the South.

Founded by Boston merchants in 1821-22, Lowell was built as a factory city along the Merrimack River to take advantage of the waterpower potential of the Pawtucket Falls; within one mile, the river plunged 32 feet. Francis Cabot Lowell, for whom the city is named, had observed British techniques for weaving textiles, and with the aid of mechanic Paul Moody produced a successful power loom. In 1814, Lowell and other investors erected a water-powered mill in Waltham, Massachusetts, which carried out all the steps of textile production- carding, spinning, and weaving. More and more mills were built in subsequent years to use the power generated by the flowing and falling water. The ability of the dam to power many mills created conditions that economists describe as economies of scale.

By 1850, Lowell had grown beyond all expectations. The city had a population of 33,000, the second largest in Massachusetts, and its ten mill complexes employed more than 10,000 women and men.

Photography and text courtesy of the Lowell National Historical Park, Lawrence Public Library  
Text from Engines of Enterprise – An Economic History of New England, Harvard University Press



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## Commonwealth of Massachusetts

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### Summary Schedule of Prior Audit Findings

*Report on Compliance and Internal Control in Accordance with Government Auditing Standards and the Requirements of OMB Circular A-133 and the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 1999.*

The following schedule contains the finding number and title, segregated by Commonwealth department, for each of the findings included in the 1999 Report. Following the finding number and title is the year the finding originated. If the finding repeated as a result of the fiscal year 2000 audit, the current year finding is referenced after the FY2000 status of the FY1999 findings. The letters under the heading *Corrective Action* indicate the following:

- F Full (the corrective action plan was fully implemented)
- P Partial (the corrective action plan was partially implemented and the finding repeated from 1999)
- N/R Not Reported (the finding does not meet the criteria for reporting under OMB Circular A-133, Section .510 a)

**Department****Corrective  
Action****Massachusetts Highway Department**

Finding Number 1: Department Internal Control Plan Needs to be Developed – FY 1999

F

**Executive Office of Environmental Affairs**

Finding Number 2: Internal Control Plan Needs to be Updated – FY 1998

P - #3

The department is currently revising its Internal Control Plan. It is anticipated that revisions will be completed no later than August 31, 2000. The annual plan review has been delayed due to the unanticipated departure of the Assistant Secretary for Finance in May. It is anticipated this year's review will take place no later than July 31, 2000. Future year reviews will take place in May.

**Division of Medical Assistance**

Finding Number 3: Managed Care Organization Contractual Agreements Signed by an Individual not on the Authorized Signatory Listing – FY1999

F

**Department of Food and Agriculture**

Finding Number 4: Internal Control Plan Needs to be Updated – FY 1999

F

**Department of Public Health**

Finding Number 5: GAAP Receivable System Needs Improvement – FY 1998

F

**Department of Police**

Finding Number 6: Late Recording of Fixed Assets – FY 1999

F

**Massasoit Community College**

Finding Number 7: Late Recording of Fixed Assets- FY 1999

P - #9

During the last quarter of FY2000, the new CFO and Comptroller concentrated their efforts on reviewing Massasoit Community College's current business practices in the Administration and Finance areas. Subsequent to this review, the following policy and procedure was developed.

The College's CFO has designated the Comptroller to be Massasoit Community College's Asset Officer. It will be the Comptroller's responsibility to manage and reconcile the College's fixed assets. In addition, the Business Office will conduct an annual fixed asset inventory audit and reconcile the inventory to the MMARS Fixed Asset Subsystem.

Beginning with FY2001, Massasoit will assign cost centers numbers 37XX to 39XX as fixed asset and betterment project cost center accounts. The Comptroller, in conjunction with the Budget Analyst, will determine if the project falls within the Commonwealth's descriptions for fixed assets or capital leases.

Once it has been determined that a fixed asset cost center is required, the Budget Analyst will create the ORG on MMARS in the 37XX to 39XX sequence, review and implement a budget for the project, and inform the Facilities department that spending may begin

The Comptroller will review the weekly 341A for expenditures in the 37XX to 39XX series for expenditures. The corresponding vouchers will be copied and placed in a file, waiting for the Facilities department to confirm that the asset or

betterment is fully tested and has been deemed operational. The Facilities department will send a confirmation letter to the Comptroller that the asset or betterment has been tested and operational.

The Head Accountant will place the asset or betterment on the Fixed Asset Subsystem of MMARS by utilizing a FA or FB. The Comptroller will review the 852 A-C reports to confirm all assets and betterments have been placed on the system and for accuracy and completeness.

If an asset or betterment hasn't been entered correctly, a FC form will be entered and the review process will continue.

At the end of each fiscal year, an audit of the College's inventory will be performed. The results will be reconciled to the 852A-C reports and adjustments will be made, if necessary.

**Metropolitan District Commission**

Finding Number 8: Late Recording of Fixed Assets – FY 1999 P - #4

MDC continues enter to their GAAP fixed assets into MMARS on a timely basis.

**Roxbury Community College**

Finding Number 9: Non-Appropriated Fund Activity and Balances not Reconciled Monthly – FY 1995 P - #11

RCC has entered its non-appropriated fund activity on a monthly basis and has had problems generating the required 110H report for reconciliation. Reconciliation was done at the end of June with a 110H report. RCC still needs guidance on which new accounts need to be added to MMARS so that all 901 funds are recorded on MMARS.

**Quinsigamond Community College**

Finding Number 10: Cash Not Reconciled to General Ledger – FY 1999 F

**Department of Revenue**

Finding Number 11: Tracking and Recording of Fixed Assets Needs Improvement - FY 1998 F

**Office of the State Treasurer**

Finding Number 12: Internal Control Plan Needs to be Updated –FY 1998 F

**Massachusetts Highway Department**

Finding Number 13: Need to Update Many Standard Operating Procedures – FY1994 F

Finding Number 14: Prevailing Wages not Paid – FY 1999 P - #35

This issue was brought to the attention of the five District Highway Directors at a meeting held on October 14, 1999. At this assembly, the importance of conforming to the requirements of the Davis Bacon Act and Massachusetts General Law was emphasized. A copy of the revised Standard Operating Procedure regarding prevailing wages was distributed to each participant during the lecture.

Finding Number 15: \$689,689 in Excess Fringe Benefit Costs has not been Credited Back to the Federal Highway Administration –FY 1999	P - #39
In conjunction with the Office of the Comptroller, the credit regarding this finding was completed.	
Finding Number 16: Subrecipient Contracts do not Contain Adequate Single Audit Information – FY 1999	P- #36
The Department has complied with this finding by revising the Standard Contract as follows:	
<ol style="list-style-type: none"> <li>1. Attachment 1, Article II, Section 2A will have the following added after the word "requirements" -----"including the Single Audit Act as amended."</li> <li>2. Attachment 1, Article II, Section 2E will be added stating "The Federal program description of funding to the Department is Highway and Planning and Construction, and the identifying number is Catalog of Federal Domestic Assistance number is 20-205 (CFDA #20.205)."</li> </ol>	
<b>Department of Housing and Community Development</b>	
Finding Number 17: Subrecipient Failure to Adhere to Deadlines – FY1999	F
Finding Number 18: Lack of Timely Written Management Decisions on Subrecipient Findings –FY 1999	F
<b>Department of Correction</b>	
Finding Number 19: The Submission to the Bureau of Justice Assistance for Reimbursement of Funds for Alien Inmates was Incorrect –FY 1999	F
<b>Department of Transitional Assistance</b>	
Finding Number 20: Food Stamps Status of Claims against Household Report Filed with Inaccurate Data – FY 1994	P - #32
The Department has completed the modifications to the FNS 209 Report. The modified report specifications were implemented for the FNS 209 Report for the quarter ending March 31, 2000. The detail for that report still has some modifications which are being addressed. As the Department is reconciling this information, minor discrepancies appeared in the detail report. The modified detailed report should be completed by the next reporting period.	
<b>Division of Medical Assistance</b>	
Finding Number 21: Lack of Acceptance Signature Noted on Individual Support Plan – FY 1999	F
Finding Number 22: Lack of Proper Income Documentation Obtained for Medicaid Recipient – FY 1999	F
Finding Number 23: Late Filing of Reports – FY 1998	NR
Finding Number 24: Medicaid Waiver Reports not Filed on Time – FY 1993	NR
Finding Number 25: Documentation of Timely Redeterminations of Eligibility Needs Improvement – FY 1993	F
Finding Number 26: Lack of Waivers to Pay and Chase Medicaid Claims – FY 1992	NR
<b>Department of Public Health</b>	
Finding Number 27: Inadequate Subrecipient Monitoring –FY 1999	F
Finding Number 28: Expenditures in Progress Report did not Agree with MMARS - FY 1999	F

Finding Number 29: Monitoring of Documentation Needs Improvement – FY 1999	F
<b>Department of Social Services</b>	
Finding Number 30: Subrecipient Monitoring Needs Improvement – FY 1989	F
<b>Office of Child Care Services</b>	
Finding Number 31: MMARS Revenue Reports and Bank Statements not Reconciled in a Timely Manner –FY 1998	F
Finding Number 32: Monitoring of Subrecipients Needs Improvement –FY 1998	F
<b>Department of Revenue / Division of Child Support Enforcement</b>	
Finding Number 33: COMETS System Posting Hierarchy Error –FY 1997	F
Finding Number 34: Ineffective Case Tracking and Management System –FY 1989	P - #28

This finding relates to DOR/CSE's case tracking and management system and differs from other findings in that it reflects three inefficiencies. The particular inefficiencies referenced in the findings and the corresponding corrective actions follow.

1. DOR/CSE failed to re-route child support payments in a DSS case.

To correct this finding DOR/CSE must improve the manner in which it communicates with the Department of Social Services. To that end, DOR/CSE is beginning to work with DSS to open lines of communication and improve the timely exchange of information. For example, DOR/CSE is working with DSS to implement an automated interface.

2. DOR/CSE failed to meet time standards associated with review and adjustment.

Two cases were referenced in the report because they were not processed in accordance with the Review and Adjustment regulations. This finding is consistent with DOR/CSE's self-assessment findings, which measure IV-D compliance with review and adjustment regulations. Since self-assessment is an annual review of the entire child support program that is now under the purview of ISD, monitoring compliance is a function absorbed by ISD.

To address compliance, DOR/CSE has organized a workgroup to study the review and adjustment process on COMETS and make changes, as appropriate. The workgroup has presented its proposal to DOR/CSE senior staff and a COMETS change order has been filed. Additional system enhancements are continuing to be analyzed and further change orders will be submitted if deemed appropriate. System changes are expected during the fall of 2000. Interim policies and procedures have also been distributed to staff for a manual review and adjustment process until the system changes are in place.

3. DOR/CSE failed to update a case file and contact the noncustodial parent's employer to find out if health insurance was available at a reasonable cost.

If the employer is known before the court date, DOR/CSE contacts the employer to obtain income and health insurance information prior to the court date. This information is then used to set the child support amount. If the information is unavailable at the time of the court date, and the court order states that the noncustodial parent must obtain health insurance "if and when available," DOR/CSE does not make contact with the employer to determine if the cost is reasonable after the order has been obtained. Instead, DOR/CSE sends notice to employers in all cases in which DOR/CSE implements a wage assignment to notify them that they must enroll the children in a family plan if one is available to the noncustodial parent.

This is also an area of specific analysis within the self-assessment review. The benchmark established by the Federal Office of Child Support Enforcement is to obtain a compliance rate of 75% for this program initiative. DOR/CSE obtained a rate of 91% in this year's self-assessment review.

CSE is, however, reviewing its entire case file management system to improve the efficiency with which DOR manages its case files, including the records maintained in the file.

Finding Number 35: Cases Not Closed In System –FY 1997

P - #27

This finding relates to DOR/CSE's inability to detect cases that remain open in error. DOR/CSE has initiated a two-pronged approach to correct this problem. First, on April 19th DOR/CSE issued procedures, which instruct staff how and when to close cases in accordance with federal regulation. Second, DOR/CSE is submitting a series of change requests over the next year to its technical bureau to effect systemic identification and closure activity. The change orders will be designed to close cases accurately and timely, and will also address any inventory problems associated with past weaknesses in our control system. The Emancipation change order is scheduled for implementation during the summer of 2000. This change will ensure that the court order will be shut down when the youngest dependent is emancipated. This change order will also address the existing inventory of cases where the court order has not been shut down. The change order is currently in the testing phase of development.

The single state auditor also recommends that DOR/CSE engage in a case review every 36 months in order to ensure that the case files are managed efficiently and closed when appropriate. The auditor selected the 36-month cycle citing the IV-D agency's responsibility to review cases every 36 months per federal regulation (45 CFR, Section 303.8). This regulation, however, is not germane to identifying cases appropriate for closure. Rather, this regulation addresses the IV-D requirement to review the case to determine if a change in the amount of child support ordered by the court is warranted.

Finding Number 36: Amounts Collected from Non-custodial Parents are not Allocated and Distributed in a Timely Manner – FY 1999

F

Finding Number 37: Amounts due from Non-custodial Parents are not Supported by the Transaction History Detail – FY 1998

F

**Department of Education**

Finding Number 38: Subrecipient Review Needs Improvement – FY 1994

P - #15

The Audit & Compliance Unit has identified those entities that we believe should file an A-133 Audit Report. We have collected and are reviewing these reports. We have attempted to collect outstanding reports by contacting the entities and their auditors, and through the Department of Revenue where applicable. We have taken steps to collect reports of "non A-133" entities to review them for material information. Any pertinent information from either of these reviews is sent to the appropriate clusters for follow-up. We have communicated with management to highlight program responsibility under these requirements.

Additionally, during FY 2000 we have reviewed twenty-nine grantees, using Independent Certified Public Accounting Firms regarding issues of compliance and fiscal reliability.

Finding Number 39: Local Education Agencies (LEA) Compliance with Supplement not Supplant Requirement is not Monitored Annually – FY 1992 P - #16

There were 20 Voc Ed monitoring visits completed for FY2000. Step 1 is performed by the LEA during the review of the local plan and if clarification is needed this is done before approval. During the year if there are any adjustments requested in the budget, a complete review of activities and requests are again completed by the LEA. The Administrator of School to Career will again have to meet with the Director of Finance to review the SNS requirements.

Finding Number 40: Adjustments are Needed to Salary Charges to Federal Programs – FY 1995 P - #12

The Department has taken several actions to address this finding.

1. Transfers of staff between federal and state accounts to mitigate over/under charges to specific federal programs;
2. Upon a final reconciliation of reported time charges to specific programs, the department is working with the State Comptroller's Office to transfer (MMARS "XA" forms) any identified federal overcharges to state appropriations. This process will eliminate any federal overcharges.
3. We have been in contact with and will continue to work with the US Dept of Education to resolve this under the CAROI project.

Finding Number 41: Core Standards and Measures are Inadequate FY 1997 F

Finding Number 42: Federal Report Deficiency – FY 1997 P - #19

The Department has been able to implement 50% of our previous correction action plan. The Department does not include as part of the Perkins match any personnel salaries and related costs that are not 100% Vocational Education related. We plan to implement a protocol for the review of the Local Educational Agencies reported expenditures.

Finding Number 43: Inadequate Site Monitoring – FY 1998 P - #17

Procedures for conducting monitoring visits were reviewed with staff to assure that all program visits are complete. The supervisor of these staff meets with the staff frequently to discuss report findings.

Finding Number 44: Failure to Recapture Funds or Obtain a Waiver for Maintenance of Effort Failure – FY 1998 P - #18

Four School Districts failed to meet MOE requirements for FY 1999. When the Program Manager reviewed the printout, it was determined that two of the districts did not currently receive Title I funding. Of the remaining district, one reviewed their files and submitted additional data, which enabled them to meet MOE requirements. The last remaining district, Peabody, indicated that they had a one time spike in expenses, which was required to meet payments for a salary increase agreed through collective bargaining at the end of the school year. Management at the DOE met to address this issue and agreed that this late agreement necessitated this unusual occurrence.

Finding Number 45: Inadequate Subrecipient Monitoring – FY 1994 F

**Roxbury Community College**

Finding Number 46: Status of the U.S. Department of Education Office of Inspector General Issues – FY 1997

P - #42

Kerstein & Kerstein told us yesterday that the ESL case is continuing. The amount currently in dispute is \$570,043. The College is vigorously contending this finding. Kerstein & Kerstein's position is that it expects the College to be successful.

Finding Number 47: Lack of Internal Control over Federal Cash Reporting – FY 1999

F

Finding Number 48: Lack of Procedure to Identify Walk-Away Students – FY 1999

P - #43

Since we had no official attendance records at that time, we went to extraordinary lengths to establish that we were not giving full financial aid to any student who had unofficially withdrawn from the College.

An employee of the school was assigned to go through the mid-term grades to prepare a list of students who had received unsatisfactory grades. (At that time, the only alternatives were satisfactory and unsatisfactory. Now, professors check "Not Attending" for those students that have unofficially withdrawn.) Our first financial aid run was on December 10, 1999. I personally went through the list of students with financial aid checks. A "Hold" was placed on all checks for all students who had failed to receive any satisfactory grades.

If a student came to pick up a check and the check was on "Hold", the student was given a form that he or she could take to his professor to sign in confirmation of the student's attendance. Once the student returned the signed form to the Business Office, I then telephoned the professor to confirm that he or she had signed the form (and the student had not forged the professor's name). I personally went through all checks that were still on "Hold" after final grades were issued. The "Hold" on all checks was released for all students who subsequently passed at least one of their courses (since they obviously had not unofficially withdrawn from the school). The "Hold" was retained on all students who had failed to pass any courses. Nevertheless, students were still given the opportunity to establish that they had attended class (even though they may have failed all courses). In several instances, the students and I tracked down a number of professors who confirmed in writing that the student had attended class and had tried but failed to pass the course. Under these circumstances, the financial aid check was released to the student for the Fall Term. (The failure to pass would only subsequently result in asuspension of financial aid.)

The Financial Aid Office subsequently recalculated the financial aid awards to reflect student attendance and where necessary issued subsequent negative Pell awards etc. to students. Uncashed checks were voided. As a consequence, subsequent financial aid drawdowns were reduced.

A faculty attendance policy was adopted by RCC on January 1, 2000. The policy was a three-step process. The first step was to forward class rosters to instructors two weeks into the semester to capture those students who never attended classes. The second step was a requirement that all faculty mark mid term rosters with one of three mid-term grades a) Satisfactory, b) Unsatisfactory, and c) Not attending. In addition the faculty were verbally instructed to give the last date of attendance of whenever the "Not attended". The third step is a similar requirement for final grades. Financial Aid Awards were consequently calculated or adjusted based on the actual withdrawal date.

College personnel stated that for the most part the implementation of the first step did not begin until the fall of 2000. The second and third steps were implemented in the spring of 2000, but not uniformly observed or enforced until the fall of 2000.

In the fall of 2000 rosters were forwarded to instructors with instruction for making proper notations and for returning them to the Registrars Office as outline in steps 1&2.

Finding Number 49: Student Financial Aid Changes on Student Status Forms Not Reported Timely – FY 1999	F
Finding Number 50: Student Financial Aid Funds Drawdown Applied to Students Accounts Incorrectly – FY 1999	F
Finding Number 51: Federal Pell Grant Drawdowns Incorrect – FY 1999	F
Finding Number 52: Perkins Loan Delinquent Accounts Not Handled Properly – FY 1999	F
Finding Number 53: Students With Perkins Loan Program Delinquent Loans Not Contacted FY 1999	F
Finding Number 54: Perkins Loan Program Delinquent Loan Demand Letters Not Sent – FY 1999	F
Finding Number 55: Perkins Loan Program Account Not Worded Federal Funds – FY 1999	F
Finding Number 56: Perkins Loan and Nursing Student Loan Program Systems Inadequate FY 1999	F
<b>Framingham State College</b>	
Finding Number 57: Lack of Documentation Supporting Exit Interviews – FY 1999	F
<b>Salem State College</b>	
Finding Number 58: Lack of Documentation Supporting Exit Interviews – FY 1999	F
Finding Number 59: Annual Information on Enrollment not Made Available to Students – FY 1999	F
Finding Number 60: Perkins and Nursing Student Loan (NSL) Cash Balances not Supported by College Records and Funds do not Receive Interest Income Earned by the Institution – FY 1999.	P - #44
<p>Cash balances in the Perkins and Nursing Loan Programs were supported by College records as of the close of the fiscal year. The adjustments will be made to the General Ledger to report the correct balances.</p>	
Finding Number 61: Amounts Reported on Federal Fiscal Operations Report and Application (FISAP) and the Nursing Student Loan (NSL) Annual Report do not Agree to the College's Records – FY 1998	P - #45
<p>The College is in the process of implementing procedures to ensure that its financial management system provides support to, and is the basis for, accurate financial reports. Appropriate supervisory monitoring and reconciliation procedures are being implemented to reduce the risks of error and omissions in financial reporting. The College's system of internal control will be improved to ensure the proper operation of the financial management system and reliability of the financial reports, as well as compliance with federal regulations.</p>	
Finding Number 62: Notification of Student Status Changes not Performed Timely – FY 1999	F
Finding Number 63: Unreconciled Cash for Title IV Programs – FY 1999	P - #46
<p>The appearance of excess cash is the result of inaccurate General Ledger postings made years ago, causing balances to be overstated. There is no excess cash in either program. The General Ledger will be adjusted accordingly.</p>	
<b>Bunker Hill Community College</b>	
Finding Number 64: Funds Awarded to an Ineligible Student – FY 1999	F
Finding Number 65: Insufficient Refund Documentation and Untimely Refunds and Return of Program Funds – FY 1999	F
Finding Number 66: Lost Interest Earnings – FY 1999	F

Finding Number 67: Federal Pell Grant Disbursements not Reconciled – FY 1999 F

**Office of the Comptroller**

Finding Number 68: \$38,626 in Excess Fringe Benefit Costs has not been Credited Back to the Department of Energy – FY 1999 F

Finding Number 69: \$37,358 in Excess Indirect Costs Charged – FY 1999 F

**Information Technology Division**

Finding Number 70: \$1,533,262 in Additional Costs Included in the 1997 Rates Effecting Both Federal and State Programs – FY 1998 F

Finding Number 71: Documentation Supporting Rate Development Needs Improvement – FY 1998 F

Finding Number 72: Internal Controls over Rate Preparation Need Improvement – FY 1999 P - #41

After consideration of the depreciation rules in OMB Circular A-87, ITD will change its response to the following:

ITD will change its depreciation method for non-EDP equipment from using the "equipment use charge" method to depreciating the equipment over a 5-year period on the straight-line basis per OMB Circular A-87. Per the rules of Accounting Principles Board pronouncement #20 paragraphs 18-24 "Reporting a Change in Accounting Principle", ITD will expense the un-depreciated equipment basis for fiscal years FY84 to FY94. In addition FY82 and FY83 "equipment use charge" will be deducted from the FY98 calculation to reflect the new method of accounting for "equipment use charge".

The resulting adjustment for the FY98 should be the following:

Basis as of 6/30/98 of equipment purchased from FY84 to FY94 =	\$171,598
Adjustment for FY82 equipment use charge	(\$5,947)
Adjustment for FY83 equipment use charge	(\$1,979)
Total adjustment should be	\$ 164,031